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ABSTRACT

Since September 11, 2001, New York City (NYC) has lost over 130,000 jobs, unemployment in the boroughs is around 9% and unemployment benefits have run out for many. NYC has long neglected workforce development, viewing it as a social service to distribute federal funds and train entry workers for dead-end jobs. To create a workforce system from the current uncoordinated fragments, NYC officials need to: (1) use federal Workforce Investment Act funds in a timely and productive manner; (2) link training activities to business needs; (3) coordinate the efforts of the over 150 nonprofits, community colleges, private universities, unions and for-profit trainers currently providing training; and (4) align programs to make formal postsecondary education the end goal for job seekers in order to prepare them to advance. Specific recommendations in the two areas of involving employers and coordinating workforce planning include: appoint top business leaders to the Workforce Investment Board; transfer responsibility for the Department of Employment to the Deputy Mayor for Economic Development; support sector strategies; make all roads lead towards education; form a group to address operational, interagency, and funding issues; build on existing investing and infrastructure to establish additional one-stop centers; connect Workforce Investment Act and Temporary Assistance for Need Families reforms; and devote more attention and expertise to youth employment. (CG)

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Center for an Urban Future

ED 470 374

Rebuilding Job Training From the Ground Up:

Workforce System Reform After 9/11

Job training as we know it is dying—and not soon enough.

The old job training model of helping low-skilled workers into low-skilled jobs never was very good at achieving even those humble goals. Conceived in the 1960s war on poverty and renewed by the 1990s war on welfare, old-fashioned job training proved to be much better at shuffling people back and forth between the welfare rolls and the ranks of the working poor than at getting people out of poverty altogether. Relegated to the most obscure backwaters of government and policy, job training has changed little in thirty years.

With the massive economic blow of September 11, a souring economy in each borough and yawning city budget gaps, issues around training can no longer be ignored. Since September, New York City has lost well over 130,000 jobs, unemployment in the boroughs has been hovering around 9 percent, and in late June more than 100,000 jobless New Yorkers began to see their temporary unemployment benefits expire.

In short, we need a revolution—one that will address the current business and employment crisis and will rapidly move low-income workers up the jobs ladder. A revolution that the city—led by government, programs, and colleges—has only tentatively begun. Two years ago, the Center for an Urban Future issued "The Skills Crisis," a report that detailed the sorry state of New York City's workforce system at that time. We judged the city to be failing virtually across the board on workforce issues. This report, conducted by CUF with the Workforce Strategy Center, inaugurates a new series of annual evaluations of the city's progress toward a more sensible jobs policy, and the prognosis is far more hopeful.

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The report evaluates the city's ability to fundamentally create a workforce system from the uncoordinated fragments previously in place. Our conclusion is that changes already made under the new mayoral administration of Michael Bloomberg look promising, and for those improvements we grant the mayor an "A" for effort. We found that the twin effects of the immediate economic fallout after September 11 and the drive of a new administration have awakened city government to both the importance of training programs to businesses and New Yorkers looking for work, and to the severe neglect these programs have witnessed over the past 30 years. As this report details, the reforms needed to establish an effective network of training and employment services have just now begun and still require a lot more hard work.

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Business leaders and policymakers face serious challenges in order to create a coherent, effective job training system—chief among them conquering chaos and inertia and resisting the timeless bureaucratic urge to maximize power rather than rationalize services. In the midst of a budget crisis and a desperate need to retain businesses, the city has a golden opportunity to realign the bureaucracy so it can effectively plug New Yorkers into jobs and rebuild a powerful, vibrant local economy.

In the current period of economic uncertainty, there is an especially urgent need for local policymakers to address these two aims together. New York City companies, forced to add increased security and insurance costs to the already high price of doing business in the city, are struggling. High-quality training programs can help them stay competitive—and stay local.

Other cities that already had enjoyed success with this model were able to respond effectively as the September 11 attack roiled their local economies. Boston and Seattle, both of which had revamped their employment services during the 1990s to tie workforce development more closely to city businesses, established large scale training centers at the airports and other economically hit areas.

New York was unable to offer as much in terms of quick retraining opportunities for workers displaced by the attacks, but the city did set up effective emergency response centers for those pushed out of work. In the aftermath of that effort, the city saw progress on its training programs for the first time in 30 years. With the greater business and partnership focus of the Bloomberg administration, city government is taking tentative steps toward building a real workforce system, coordinating the previously disorganized efforts of the city Department of Employment, Economic Development Corporation, and Human Resources Administration. Many traditional job training service providers are forging new connections to local employers. Also, New York already has in place many of the building blocks for a better system: community colleges focused on business skills, committed funders interested in workforce policy, and employer groups and trade associations eager to see evidence that the system can help address their hiring needs.

Before the current economic slump, the problems with job training were not so obvious. During the vigorous growth of the 1990s, most people leaving the welfare rolls found jobs fairly quickly.

The economic shift and the fallout from the WTC attacks have been particularly hard on the newly employed. Many of those who did land jobs during the expansion remained poor: A recent Urban Institute study showed that New York welfare recipients leaving the rolls in 1997 earned an average of about $14,000 per year, below the poverty line for a family of three. As the economy cooled, many found themselves out of work once again, no closer to a career path that might lift them out of poverty for good, and fast approaching the five-year limit on federal welfare benefits.

This predicament was avoidable. New York City has always been able to attract the best and the brightest from across the country, and the most ambitious and hardworking immigrants from across the globe. Yet local employment programs have lagged behind the curve. (For details, see our previous report, "The Skills Crisis" and "The Workforce

Challenge," released in 2000 and 2001, respectively)

The 1990s job training system did virtually nothing to help poor people access higher education, despite increasing employer demand for higher skills and the longstanding correlation between education and higher wages. While other states were using community colleges to train dislocated workers and tailor worker skills to local job demand, New York ignored universities like the CUNY system. Ultimately, the emphasis on short-term training over long-term skills improvement ushered the unemployed into unstable, dead-end jobs.

The system that must emerge from the current workforce policy chaos needs to right these wrongs. It should embrace job training providers, community colleges, employer groups and city agencies. It must engage New York's community colleges to address the skills gap; it must champion the idea of progressive career pathways. Above all, the new system must integrate education, training and work experience into a system that can serve every worker looking to advance or gain new skills.

The goals of this new policy drive are simple: to move potential workers up and out of welfare and to serve business needs. These two principles depend on each other. A workforce system that succeeds in moving workers up career ladders will ultimately produce skilled employees who can improve business productivity.

The goals of this new policy drive are simple: to move potential workers up and out of poverty and to serve business needs. A workforce system that succeeds in moving workers up career ladders will produce skilled employees who can help businesses.

Center for an Urban Future

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This report is part of the Rethinking Workforce in New York City initiative, a joint project of the **Center for an Urban Future** (www.nycfuture.org) and the **Workforce Strategy Center** (www.workforcestrategy.org).

This report was written by David Jason Fischer and Neil Scott Kleiman with Julian L. Alssid.

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It's a Start: Progress Toward Reform

The Center for an Urban Future and the Workforce Strategy Center have spent the last year studying and evaluating the city's progress toward a saner jobs policy as well as working closely with many other cities around the country on reform efforts. This report, the first comprehensive assessment of workforce development in the post-September 11 economy and under the new Bloomberg administration, shows that while policy leaders are headed in the right direction, they have a long way still to go.

Traditional NYC Approach to Workforce Development	Characteristics of an Effective Workforce Development System	Grade	Comments
Responsive to government bureaucrats and providers of service (nonprofits, unions)	Responsive to business	Incomplete	*Mayor's office, Workforce Investment Board must lead this change and so far have yet to receive business support*
Policy designed by multiple and uncoordinated government agencies	Streamlined policy jointly designed and coordinated by government and business	Incomplete	*City agencies must improve collaboration; Workforce Investment Board must take lead policy role*
Serves mostly public assistance recipients	Serves all New York workers and employers	C	*Better job at serving New Yorkers through drop in job centers, but few specifics for permanent system focus on broader public*
Focus on training for entry-level jobs	Focus on targeted education and training to ensure career progression	C+	*All the major agencies including EDC, DOE, and HRA now see the importance of industry-focused training and have set up initial demonstration programs, but system-wide application has yet to happen and education focus is lacking*

Building a Policy From Scratch

A Brief History of Training & Workforce Development

It would be putting it kindly to say that job training has not been a focus of past mayoral administrations. From the 1960s onward, this area of policy was either ignored or, more often, made subordinate to the political goals of successive mayors. For their part, major social service providers responded to a perceived need in their communities for employment services, using newly earmarked federal largesse to expand operations into the burgeoning field of welfare-to-work programs. But for a variety of reasons, their good intentions rarely translated into sustained positive results.

City government in New York viewed job training first and foremost as a social service. With the federal government providing the funding, the city essentially served as a pass-through to nonprofits, community colleges and unions involved in training. Some of these groups developed into exceptional job training providers, others performed poorly but continued to receive funding due to political connections, and the rest fell somewhere in between. City Hall's lack of interest meant that performance standards were mostly lacking absent until the late 1990s, when the Human Resources Administration implemented performance-based contracts across the board. As the economy changed, there was no pressure from government on providers to change with it—and no perception on the part of city officials that the providers lacked the resources to do so on their own. Technological innovations in the workplace were rarely reflected in training courses. Even worse, many providers found it difficult to forge meaningful linkages with employers, who remained largely ignorant, indifferent or hostile to the job training system.

As fewer participants found jobs, conservative critics began to charge that training funds were less an engine of economic development for the city than a jobs program for the training industry itself. Often, the data backed them up: At best, programs that emphasized classroom instruction not connected to specific work opportunities fared no better in terms of long-term attachment to work and wage gains than programs in which participants were pushed to find jobs more quickly. In some circumstances, those who went through training programs fared as badly or worse than individuals who received no job training or employment services at all.

For those without post-secondary schooling, the job training system was designed to offer a viable substitute that could help individuals find work at a decent wage.

One corporate funder says: "For years we funded programs that succeeded in spite of what the city did. Hopefully we can now find ways to work with city government."

But as the mission of training and placing individuals into viable jobs fell out of step with a changing economy, the training model withered. "Basically, we have a two-tiered system: one is an education track towards good jobs, and the other is one that keeps people cycling into second class jobs," says Kathryn Wylde, President of the New York City Partnership. "Unfortunately, the training programs we have perpetuate the latter and keep people cycling through [low-end] jobs."

Through the late 1980s and early '90s, New York wasn't alone in its training boondoggle. The situation was much the same in other cities that viewed federal work-

force dollars as a nice pass through and nothing more. That began to change under the Republican-led Congresses of the mid- and late 1990s. Taking note of damning studies that showed the ineffectiveness of most job training, Congress worked with the federal Department of Labor to focus federal support for training more closely on business needs, introduce more flexibility into the system and create incentives for collaboration with employers.

The Workforce Investment Act (WIA), passed by Congress in 1998, placed greater emphasis on involving the private sector and responding to the demands of employers. The new law also brought cities and states to a fork in the road regarding job training policy: follow the congressional prescription for a more business-driven workforce system or continue using job training as a low-priority social service adjunct for public assistance recipients.

Many mayors, particularly those in technology-driven cities such as Seattle and Austin, used WIA to assist their growth-sector employers with training needs and to plug jobseekers into openings. But other cities made workforce policy subsidiary to the more politically charged issue of welfare reform. New York quickly became the extreme example of this approach, as Mayor Rudy Giuliani stripped most of the federal job training funds from the city's Department of Employment and handed them over to the city's welfare agency, the Human Resources Administration, with a strict mandate to lower the welfare rolls with minimal or no training.

To many, Giuliani's decision to place the federal job training funds with HRA—an agency that had little track record with employment services and minimal connection to the business community—was inexplicable. "HRA was considered by the private sector to be the welfare agency," explains one member of the city's Workforce Investment Board. "[Employers were concerned] that if they looked for any kind of job related help, HRA would just send the people from welfare." Though HRA served welfare and non-welfare clients alike under WIA, and placed over 13,000 of the latter group into jobs through its programs, the perception remained that "the welfare agency" placed undue focus on its public assistance population during Giuliani's term.

The lack of connection to employers, coupled with an ideological opposition to training as an approach to help welfare recipients escape dependency, led to millions in unspent federal job training funds. HRA pursued an extreme "work first" policy best summed up as "get a job, any job, ASAP." Those who couldn't find work were pushed into the city's infamous Work Experience Program, better known as WEP. By Giuliani's last year in office, the agency had modified its program offerings to include more training as a complement to the work experience component. Even so, by the summer of 2001, over $150 million in unused federal WIA dollars had piled up, and state and federal government officials began threatening to revoke the city's funds.

As in virtually every American city during the late 1990s, welfare receipt in New York did decrease. But while the rolls dropped under Giuliani's get-tough approach, actual poverty rates remained disappointingly steady, declining a bit in the late '90s but remaining above the levels of a decade earlier. Those who left the welfare rolls and found jobs received average wages between $7 and $8 per hour, barely over the minimum wage and inadequate to provide even a minimal standard of living.

Post-9/11: A Turnaround in City Workforce Development Programs

Since early 2001, economic downturn, political turnover, and the tragedy of September 11 have all contributed to a near reversal of this approach. The first change came from the shocks to the city's economy. The stock market and technology economy plummeted in April 2001, prompting a rise in unemployment in all five boroughs. Five months later, the World Trade Center attacks punched a major hole in the city's economy, which lost well over 100,000 jobs by the end of 2001. In short, the employment crisis could no longer be ignored.

HRA swiftly set up a network of response centers, collectively called the Twin Towers Jobs Link, that were inundated with job seekers. In a survey that the Center for an Urban Future conducted in January, we found that the centers, designed primarily as a response to the economic aftershock of September 11, were serving not only individuals who lost their jobs as a result of the attack, but tens of thousands who lost jobs in the spring and summer of 2001. In fact, we estimate that fully 50 percent of those flocking to the Twin Towers centers had employment concerns that had no direct connection to September 11.

HRA's emergency response was fairly effective, providing needed information and leads for new employment to thousands of New Yorkers in need. Particularly note-

worthy was the increased accessibility of services to all those affected by the tragedy—not just those on welfare. Since the Twin Towers Centers closed last winter, the city has remained engaged in the effort to serve workers who lost their jobs after the attacks, attempting to coordinate efforts with the September 11th Fund on a major project to provide training vouchers to displaced workers.

The necessary next step for the newly energized workforce field came with the election of Michael Bloomberg in November. As a businessman with few political ties to the current system, Bloomberg brought exactly what was needed—the fresh perspective of an outsider and the results-oriented thinking of an employer.

The mayor has announced a number of policy and staffing decisions that have indicated a more dynamic approach to workforce issues than the city has ever seen from any mayor. Very quietly, the new administration has set out to make sense of a misunderstood and badly neglected system. The first order of business for the mayor was to hire a trusted associate to head the city's Department of Employment (DOE). Betty Wu, a former colleague of the mayor's at Bloomberg, LP, and a veteran of the corporate world, was tapped to transform an agency that had been demoralized and left adrift under Giuliani.

Bloomberg centralized the fractured workforce landscape by giving Wu a mandate to design and implement workforce development policy, in partnership with HRA and the federally mandated Workforce Investment Board. Determined to implement a more employer-oriented approach to workforce development, the mayor shifted responsibility for the federal adult training funds under the Workforce Investment Act from HRA back to DOE and asked Commissioner Wu to develop a network of one-stop job career centers in each borough. Currently, the city's "Workforce 1" system, developed by HRA, includes 90 providers that have been designated as affiliate one-stops, but only Queens has a full-service one-stop center as defined by WIA.

The new commissioner quickly perceived the need to revitalize her agency before it could jump in and manage a functioning workforce system. "I view this agency as a startup," Wu says. "City Hall is very much behind us. They truly want us to rebuild DOE, which is what we are going to do." DOE's efforts have included a recently released concept paper outlining the agency's goals and strategy for developing a network of one-stop centers—the first such document for the agency in many years.

The city's indifference to workforce issues prior to September 11—and even for several months after the attacks—was highlighted by its unwillingness to spend approximately $200 million in funds from the federal government (for more, see the Center's report "Under the Mattress," November 2001). But in the past seven months, those funds have been spent and the city is putting measures in place to ensure that federal dollars will be spent in a timely and productive manner to provide services and support within the emerging system. The next task is to make sure that there is strict accountability for those expenditures; one consequence of the current division of responsibility for workforce issues among city agencies is that many partners don't have information on how the money accumulated under Giuliani has been spent, a situation that risks needless duplication.

Through the first six months of this year, HRA has shown an encouraging new receptivity to skills development. In its final months as the city's lead agency for adult workforce services under WIA, HRA issued over 8,300 WIA training vouchers at a total expense of $26 million. The mayor has been working with the agency—which will retain a key role in offering employment services to welfare recipients and administering a number of ongoing contracts with employment services providers—to build on this renewed emphasis on training. In May, Mayor Bloomberg and HRA Commissioner Verna Eggleston announced the city's proposals to amend the federal welfare program, Temporary Assistance to Needy Families (TANF). While retaining key elements of the Giuliani approach, notably strict welfare time limits and the obligation to work for benefits, the Bloomberg plan again made the connection between job training and employer needs, noting that welfare recipients who do receive job training should learn skills that city employers need.

Testifying in May before City Council, Commissioner Eggleston echoed the new commitment to new approaches in workforce development, in the context of Mayor Bloomberg's recently announced plan for welfare reform in the city. The commissioner pledged that her agency would work to "reduce the welfare rolls by assisting recipients to move into the workforce, identify and develop initiatives that will help people retain their jobs after they leave welfare for work, [and] increase the number of working people who enhance their skills through education and training so that they can obtain better jobs and move toward financial independence."

THE IMPORTANCE OF LINKING TO BUSINESS

Here's the most obvious and ignored fact in the old training model: The business community is the first client to consider. If you are training people for jobs, then you have to understand what businesses need to place people in those jobs, right?

Wrong—at least according to the old system, in which everyone except employers had a stake. For over 30 years, billions of federal dollars for job training poured into city coffers, to be divvied up by city agencies, nonprofits, unions and community colleges that offered training. Lacking substantial business connections and credibility with employers, these providers all too often designed programs in a vacuum and conducted training regardless of whether the skills attained were relevant to getting hired or not.

This state of affairs was hardly unique to New York, and federal officials eventually took action by mandating local, business-dominated Workforce Investment Boards to oversee the whole system. New York City's WIB, however, could be the butt of many jokes—if more people even knew it existed. Legally constituted in June 2000, just hours before a federal deadline that could have cost the city millions in training funds, the WIB has actually increased the frustration of those few employers who braved the slower pace and Byzantine agency infighting of city government in hopes of crafting a system more responsive to their hiring needs.

Under Giuliani, some suspected this pattern was intentional. "I'm not sure the city or state ever embraced the notion of the Board," complained one member from the business community. "They've never given it adequate support, and there always seem to be turf battles between the Board and HRA and the New York State Department of Labor, which slowed progress."

Many of the executives who had attended early meetings have stopped coming, convinced that even the once-a-quarter sessions are a waste of time. Meetings themselves have been taken up with administrative detail and procedural arcana, rather than the substantive policy debate Congress envisioned when it mandated WIBs to set local workforce policy. And the Board's minimal staff of three—a fraction of the size of WIB staff in much smaller cities like Dallas and Buffalo—is an embarrassment.

Far worse than not meeting often enough, city agency officials and large training providers with potentially major conflicts of interest have largely elbowed aside business representatives to wield undue influence on the New York WIB. For example, three major providers that have multi-million dollar contracts with the city—Wildcat Services, America Works and the Consortium for Worker Education—can, and often do, lobby for their own organizational interests as voting members of the board. In addition to being legally questionable, this has discouraged the few actual business representatives on the board. "A business colleague asked me about joining the WIB. I discouraged them because the city just congenitally marginalizes this area," noted Kathryn Wylde, President of the New York City Partnership.

This skepticism is unfortunate, because there is a real need in the business community for high quality training. Businesses simply will not thrive in New York without the right human talent and skill. Vital city industries such as biotechnology, light manufacturing, financial services and aviation require the highest levels of knowledge and innovation to compete in the global market. And businesses looking to stay and move back to Lower Manhattan would greatly benefit from quality training programs to meet their needs. Providing a well-coordinated network of quality training would be not only a major inducement for businesses to stay in the city, but for them to grow as well.

Funders, Colleges, and Providers Get Organized

Nothing is more deadly to a training system than confusion. Businesses need to know immediately who provides the best training to meet their needs, and job seekers need to connect with agencies that are accessible and can help them figure out their next career move.

This has been virtually impossible in New York's hyper-competitive training universe. Most cities have a primary designated training provider, typically the local community college system, one or more nonprofits or the county government. In New York, accessing training dollars has been a competitive tussle amongst over 150 nonprofits, community colleges, private universities, unions and for-profit trainers. Some of the training is outstanding, but much of it is either sub-par or inappropriate for the intended recipient.

None of this is surprising. Elsewhere, cities have engineered successful reform efforts by first determining how to provide the most effective training and then coordinating these efforts.

This process has begun in New York as well, with a wave of self-motivated coordination that can provide a helpful starting point for true reform. Probably the most visible coordination has occurred amongst the city's nonprofit providers through the New York City Employment and Training Coalition (NYCE&TC). For years a loosely organized entity that one provider said presented an organizing challenge akin to "herding stray cats," this group has built itself up from the occasional voluntary meeting into a fully staffed and highly professional trade association. NYCE&TC now serves as the providers' liaison to city government, convenes job sector roundtables to provide labor market information to members and offer opportunities to network with employer representatives, and shares information and advocacy updates among its more than 120 members.

Other innovative models have emerged to change the training landscape. The EarnFair Alliance, sponsored by the multi-service nonprofit Seedco, handles administrative responsibilities and coordinates services among 15 community-based organizations across New York City. EarnFair sets standards for recruitment, assessment, training and wrap-around services; helps its CBOs install financial and MIS systems to better manage performance-based contracts; and provides other technical assistance and management services to free up its members to work with clients.

The city's community colleges have also begun to organize on their own. Public colleges are often the bulwark of training systems in other cities: Decades of research has shown that educational attainments, from single-course certificates to two- and four-year degrees, represent the surest path out of poverty. Local community college systems across the country are frequently connected with local business networks and understand their training needs. But these benefits have been only intermittently realized in New York; the city's colleges have provided top-notch training to hundreds of city employers, providing over $20 million in contract and customized business training services, but they have done so in a scattershot way rather than systematically. Lacking a single point of entry, employers are often unsure how to interact with the colleges and don't know which college has the right experience and training expertise for them.

This longstanding but ineffective approach soon should be a thing of the past, thanks largely to new college presidents who are relative newcomers to the CUNY system. Leading this burgeoning network is Gail Mellow, president of LaGuardia Community College. At Gloucester County College in New Jersey, Mellow got an up-close look at how the state took full advantage of its college system as a tool to retain and lure businesses. Upon arriving at LaGuardia, Mellow began to convene informal meetings among the CUNY colleges; soon, she and her

colleagues realized the only thing holding CUNY back from being much more involved with customized business training was a lack of coordination. Rather than waiting for the city's lead, they organized themselves and now have a working network of all six colleges that meet exclusively for the purpose of developing a community college training network for local businesses. They are well aware that a premium must be placed on quality and are erecting mechanisms for screening the best programs and the right college for the right employer, as well as moving toward presenting a single point of entry to potential business clients.

As the city's trainers are getting more organized, the foundation community is right in line. For years, New York's foundations have funded solid programs that, for various reasons, do not receive sufficient government funding but boast successful records of training and placing clients. Freed from the programmatic restrictions and often burdensome reporting requirements that go with public funding, programs enjoying foundation support have generally outperformed their publicly funded counterparts and frequently have won national acclaim for their work. But their presence outside the system has meant that these funders—often some of the most knowledgeable people on workforce issues in the city—have been unable to concentrate their efforts.

This is about to change. Over fifteen funders, including J.P. Morgan Chase, Deutsche Bank, Independence Community Foundation, and the New York Community Trust, have begun meeting regularly through a group called the New York City Workforce Funders Group. Beyond the over $17 million they disburse annually, this assembly of funders offers a previously untapped reservoir of experience and expertise on workforce issues. One corporate funder says, "We have been around for decades trying to push the system [towards reform]. We have seen many [mayoral] administrations come and go and we are still here… For years we funded programs that succeeded in spite of what the city did. Hopefully we can now find ways to work with city government."

Starting a System: Perils and Possibilities

The Bloomberg administration has gotten off to a good start in a long-neglected area of city policy. The mayor is focusing on both a better connection to business and increasing coordination of programs. From the mayor on down, the perception is that employment services can be an economic growth asset as well as a tool to help the worst off. The commissioners are saying the right things, and taking important early steps. The foundation is in place to implement a much-needed set of coordinated training services for businesses and job seekers.

Let's make one thing perfectly clear—the current progress exists mostly on the drawing board and, hopefully, in the minds city officials. The next phase, implementation, will determine whether this revolution will prevail.

Now the hard work of erecting the system must begin, as policymakers try at once to preserve the Giuliani-era legacy of lower welfare rolls while putting viable services in place. But thus far, the obstacles are proving stubborn, and there has been little tangible progress beyond the rhetoric. The key city agencies have struggled to determine their new roles, and officials have encountered immense difficulty in articulating one single city workforce policy. There's still time to get on track, but with every setback, the risk increases that a skeptical business community, frustrated state and federal officials, agency bureaucrats, and the providers themselves will allow their skepticism to end this revolution before the system is reformed.

One setback came earlier this year, as the long-delayed process of establishing a network of "one-stop centers" for

training services, as called for by the federal Workforce Investment Act, stalled once again. In the waning months of the Giuliani administration, HRA—then still fully in charge of Adult WIA funds—announced a series of one-stop awards that prompted immediate questions about the validity of the Request for Proposal process from critics in City Council and the federal Department of Labor. After Mayor Bloomberg took office and transferred responsibility for the one-stops to DOE, Commissioner Wu, forced to choose between going forward with a questionable set of awards and delaying one-stop implementation yet again, reluctantly took the latter course. DOE expects to issue a new, expedited one-stop RFP in the coming months.

Now the hard work of erecting the system must begin, as policy-makers try at once to preserve the Giuliani-era legacy of lower welfare rolls while putting viable services in place.

The struggle over one-stops has been just one example of how the relationship between HRA and DOE has presented a daunting administrative challenge. Essentially, DOE does not yet have the capacity to meet its greatly expanded workload. Coming to government service after a career in the private sector, Commissioner Wu has been forced to learn about the agency and the nuances of the field at the same time she is trying to lead it through a period of great change--a daunting challenge made even tougher by the lack of capacity at DOE. Not surprisingly, there have been missteps and growing pains, including a RFP to providers of youth employment services that respondents struggled with, and an ambitious but clumsy plan to overhaul the city's long-moribund Workforce Investment Board that was quickly called off.

Finally, while both DOE Commissioner Wu and HRA Commissioner Verna Eggleston come with strong ties to the mayor rather than to the agencies they lead, staff members at both agencies have a track record of resentment and mutual distrust. Coordinating the roles of these two agencies into one workforce policy will be the single biggest challenge for both commissioners and for the mayor's office.

EDUCATION PAYS

If the old tradition of training is dead, education is taking its place.

In the 21st century, all roads lead to education. With very few exceptions, it's all but impossible to get a good job or move up the ladder without a post-secondary boost. The good news is New York is flooded with colleges and universities. With over 85 institutions dotted throughout the five boroughs, New York has the highest density of post-secondary institutions in North America. The business backed Association for a Better New York often reminds private sector leaders that even Cambridge and Berkeley, perhaps the two most widely recognized hotbeds of higher education, do not come close to matching the breadth of colleges found in New York.

The bad news is this essential component of true workforce development is virtually ignored in New York. Though CUNY is a mandated partner under the Workforce Investment Act and an official of the system sits on the city's Workforce Investment Board, colleges have surprisingly little role in the system—one more example of how New York is the exception to general workforce practice. One college president remarked, "Everywhere else I've been, I have served on the PIC and then the WIB, [and] I have erected whole one-stop systems," says Byron McClenney, president of Kingsborough Community College. "New York could create a one-stop system [very quickly]—you have six capable community colleges in each borough." Visit any state west of Westchester and you will often find colleges, usually the community college system, established as the trainer of choice.

There's a good reason for this. The U.S. Bureau of Labor statistics estimates that as many as 85 percent of today's jobs require education beyond high school. By 2020, there will be a net gain of 15 million new jobs requiring some post-secondary education, but only 3 million new adults are currently projected to enter the workforce with such credentials— leaving a deficit of 12 million skilled workers. Without greater access to higher education, high-growth industries such as health care, information technology, and education will continue to suffer disproportionately large skills shortages, with unfilled job openings numbering in the hundreds of thousands. In other words, states will need to greatly raise the academic skills of their labor forces—particularly those states, like New York, in which these industries are concentrated.

Abstractions and statistics aside, few companies in New York, no matter what their business, are hiring people without college credentials for even semi-skilled positions. Reversing the perspective, it's tough to imagine a dislocated worker looking to get a better job going to a small community nonprofit for training rather than taking skills-based courses at a CUNY college or private university.

What does this mean?

The entire workforce system must reorient itself. College can no longer be a part of the mix; it must be the end goal, the point on the pyramid. This does not mean excising nonprofits and other traditional training providers, but it does mean better aligning them to prepare job seekers for formal education. For their part, the schools themselves must meet this putative wave of "workforce students" halfway, with community-based "bridge programs" developed in partnership with community providers, flexible class schedules including evenings and weekends, adjusted curricula with more offerings of certifications and other intermediate benchmarks, and aggressive, sustained outreach to city businesses to better gauge what employers need now. It's a tall order for all involved, but all the evidence suggests we'll never make a better investment for our economy and our workforce alike.

Recommendations:
A Blueprint for a "System"

No one said creating a workforce system would be easy, but there is an urgency to do so now with New York's unemployment rate rising every month and with a need to piece together a better array of incentive programs to retain businesses in the sluggish economy of New York after 9/11.

We have one primary advantage in these efforts: the solutions are well known. No matter the city or type of business, there are strategies that have proven effective in NYC and elsewhere. Now the challenge is to construct a system that is built on the best of these.

In any revolution, leadership is the key, and in this case it must come from City Hall. Workforce development resides at the intersection of business and government, and it is crucial to the work of two major—and often conflicting—city agencies. Mayor Bloomberg himself must focus on this, and a deputy mayor, ideally the deputy mayor for economic development (see below), should find this issue at the top of his to-do list.

No city has been able to meet the twin goals of coordinating its scattered training programs and obtaining buy-in from the business community without committed and persistent leadership at the highest levels of the city government and the business sector.

No city has been able to meet the twin goals of coordinating its scattered training programs and obtaining buy-in from the business community without committed and persistent leadership at the highest levels of the city government and the business sector. Past and present mayors like Norm Rice and Paul Schell in Seattle, Thomas Menino in Boston and Kirk Watson in Austin, Texas have made workforce reform a key part of their agendas. Now Mayor Bloomberg must do the same, serving both as a visible public champion for the nascent system and a convincing behind the scenes advocate for businesses and other parties to get involved.

With that in mind, we present two reform principles, with specific recommendations for New York City to pursue in the coming year.

As we have said throughout this report, there is a simple two-pronged approach to reform: business leadership and city government coordination. These are two goals we will be assessing and watching in future reports, and what follows are some concrete recommendations for moving forward.

1) Designed by and responsive to employers.

The workforce system must not only be geared to serve employers; employers must lead the system as well. While the providers remain the best partners to work with participants, and city agencies have acquired managerial expertise, decades of disappointing results have shown that, as an investment of public money, workforce development is a bad bet unless it is designed to meet the labor force needs of business.

Despite this seemingly obvious point, training often has been provided by organizations with minimal connection to employers and the mainstream of business. Trainees are taught basic skills, such as computer literacy and "proper workplace behavior," which are certainly helpful but have minimal applicability to specific jobs. For their part, employers often are unaware even of the existence of a publicly funded job train-

ing system; asked recently to describe how employers react when he talks about city job training, Workforce Investment Board Chair Stuart Saft deadpanned, "A blank stare."

In addition to the generally insufficient connections between the private sector and trainers, the city has not developed a mechanism for gleaning input and leadership from the employer community.

Here are some immediate steps for getting there:

- **Empower the private sector by appointing top business leaders to the Workforce Investment Board.** Composed of mayoral appointees, the WIB is the federally mandated board for business leadership in determining how to spend over $100 million of federal job training dollars yearly. Mayor Giuliani's general antipathy to training meant that, despite its ostensible private sector majority, government officials and service providers were allowed to dominate the agenda, with the predictable result of driving away bored and frustrated employers. This important board must also avoid dominance by the large-scale nonprofits and provider interests. We recommend that the city aim for over 70 percent business participation and focus the meetings on real issues, not off-putting procedural topics. For this mayor especially, finding energetic and committed members of the business community who want to participate in setting workforce policy should be an achievable goal. Finally, the city, through the Department of Employment, should also make sure that the Board has a sufficiently large and talented staff to conduct the day-to-day work between its quarterly meetings, including staffing subcommittees.

- **Transfer oversight responsibility for DOE from the Deputy Mayor for Operations to the Deputy Mayor for Economic Development.** Operations Deputy Mayor Marc Shaw has been engaged in the Herculean and unenviable task of the budget and is basically charged with day-to-day operations of the whole city. There is simply no way he can afford the time, now or down the road, to oversee and negotiate all the ins and outs of reforming a major workforce system. More than that, if the mayor is to be true to his own rhetoric—and if the reform policy he has championed is to be effective—DOE must be positioned for coordination with the other economic development agencies under the oversight of the deputy mayor for economic development. Given the need for a much greater focus on education, it is equally important that the deputy mayor for education play a key, ongoing role in ensuring that workforce services be geared toward lifetime learning opportunities.

- **Support pilot sector strategies such as the New York Information Technology Career Ladders Consortium.** New York's economy is simply too large to support a one-size-fits-all approach to the business community. We have over five different sectors (including the nonprofit sector) with over 100,000 workers each. The only way to effectively connect the business community with training programs is to do so by sector. There is already a strong sector training strategy backed by a large number of private foundations called the New York Information Technology Career Ladders Consortium (profiled in the recent Center for an Urban Future report "After the Gold Rush"). The extremely promising early work of this consortium and similar groups around the country strongly suggests the potential of similar groupings in other sectors of the economy.

- **All roads must lead towards education.** Employers in any field, including manufacturing and other traditionally blue-collar sectors, will be the first to tell you that in the economy of the 21st century, education is crucial. Training can no longer be an end unto itself—there must be a focus on education or at least clear career advancement. To this end, the city should work more closely with CUNY, particularly the community colleges, to develop strategies to attach participants to an education track and provide the accreditation—degrees and certificates—employers look for. Merely learning a skill is not enough; even finding a job is not enough. For workers today, learning must be a lifetime pursuit.

2) Coordination of all workforce programming.

Like sociology, workforce development is about as interdisciplinary as it gets. Providing solid training entails education, day care, economic planning and dozens of other services that are provided by a host of different city agencies. Coordinating all of this is not easy, but it must be done. There must be one single workforce policy.

What we don't need is each agency and group setting up their own systems—nothing is a bigger waste of effort and public dollars. Government may have to coordinate a

wide array of different services, but there should only be one point of entry for the customer. It is also possible to mix funding so that it will be more flexible and seamless to the both the worker and especially the employer, who cannot afford to be burdened by bureaucracy. Finally, those in charge must do more to foster robust partnerships with the federally mandated partners in the system, from different city government agencies to CUNY and community organizations. For their part, these groups must contribute resources to the system if they wish to exercise a strong voice in how New York City pursues better workforce development policies.

Here are some steps to get there:

- **Form a "Workforce Working Group" consisting of the top executives of the government agencies, foundation sector and provider community to address operational, interagency and funding issues as they arise.** The first order of business of this group should be to define and coordinate strategies between the Human Resources Administration and the Department of Employment, two agencies with a long history of mutual distrust and a currently contentious relationship that threatens to undermine progress in reform efforts. This effort should build on administrative systems HRA developed during the last few years and should encourage a close working relationship between the two agencies going forward. Through the Group, the philanthropic funders could help fund needed program innovations.

- **Establish a one-stop center with satellite affiliates in each borough that builds on existing investing and infrastructure.** Another consequence of the Giuliani-era neglect of workforce issues is that New York currently has just a single one-stop center, the federally mandated service delivery node for workforce services, serving all five boroughs. The Department of Employment is quickly working to redress this embarrassing situation. To make the best of its late start, the city should leverage existing programs and resources already off the ground. The last thing DOE should do is to pour all of its money into infrastructure when there are so many services that can be incorporated. Instead, the primary goal of a coordinated one-stop system should be to allow easier and wider access to many of the programs already run by HRA, EDC and other city agencies. For example, the HRA Workforce One System should be integrated into—or serve as a partial basis for—the one stop system going forward. The city should also explore utilizing existing community colleges as a base for one-stops, a strategy that could allow for quicker and less expensive implementation.

- **Connect WIA & TANF reform plans.** Studies have found near constant back and forth movement between the welfare rolls and the ranks of the working poor. Public aid recipients frequently get hired, work awhile, and then are the first to be let go when the next downturn comes. Perpetuating programmatic distinctions between those served under TANF while on welfare and those served WIA, which is a universal program, only makes it harder for those in both systems to maintain the long and often winding upward climb toward self-sufficiency. Whether through case management or mirroring programs, DOE and HRA must find a way to coordinate services for low-income clients who move back and forth between low-wage work and public assistance.

- **Devote more attention and expertise to youth employment services.** With Mayor Bloomberg now in charge of the schools, the city has an unprecedented opportunity to reform our long-troubled educational system and ensure that more kids get the comprehensive education and training they needed to succeed in college and career. The city needs to revamp its approach to employment services for city youth, which experts and funders charge treats youth programming as a "minor league version" of the system for adults—a system that isn't in such great shape itself. We recommend that DOE augment its staff with personnel that have expertise in the youth development field. Additionally, just as the "Workforce Working Group" can provide a forum for agency staff involved with adult services, we urge that the Mayor work closely with DOE and the Department of Youth and Community Development, as well as key funders and providers, to help craft appropriate policy in this crucial area.

SOURCES AND RESOURCES

Building a Career Pathways System: Promising Practices in Community College-Centered Workforce Development. Julian L. Alssid, David Gruber, Davis Jenkins, Christopher Mazzeo, Brandon Roberts, Regina Stanback-Stroud. Workforce Strategy Center, August 2002. Available online at: http://www.workforcestrategy.org/publications.html

One-Stop System Concept Paper. New York City Department of Employment, July 2002.

For research in workforce development issues check out the following organizations:

John J. Heldrich Center for Workforce Development, Rutgers University: http://www.heldrich.rutgers.edu/

Public/Private Ventures: http://www.ppv.org

Manpower Demonstration Research Corporation: http://www.mdrc.org/

The following government and association sites are helpful resources for information at the city and state level:

New York City Department of Employment: http://www.ci.nyc.ny.us/html/doe/home.html

New York City Human Resources Administration: http://www.ci.nyc.ny.us/html/hra/home.html

New York Association of Training and Education Providers (NYATEP): http://www.nyatep.org/

Workforce New York (State Department of Labor): http://www.workforcenewyork.org/

The following sites offer considerable information on some of the "best practice" cities engaged in workforce reform:

Seattle Jobs Initiative: http://www.cityofseattle.net/oed/sji/

Wisconsin Regional Training Partnership: http://www.wrtp.org/

Austin, TX Capital Area Training Foundation: http://www.catf-austin.org/

Austin, TX Chamber of Commerce:
http://www.austinchamber.org/The_Chamber/About_The_Chamber/What_We_Do/Workforce_Development/CATF/

Boston Private Industry Council: http://www.bostonpic.org/workforc.htm

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